

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4954-01  
Bill No.: HB 1580  
Subject: Health Care; Insurance - Medical; Insurance Dept.  
Type: Original  
Date: March 5, 2012

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Bill Summary: This proposal requires health insurance coverage for the diagnosis and treatment of infertility.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(Could exceed \$80,524)	(Could exceed \$161,049)	(Could exceed \$161,049)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Could exceed \$80,524)</b>	<b>(Could exceed \$161,049)</b>	<b>(Could exceed \$161,049)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Insurance Dedicated Fund	\$5,000	\$0	\$0
Road Fund	(Unknown could exceed \$100,000)	(Unknown could exceed \$100,000)	(Unknown could exceed \$100,000)
Other State Funds	(Could exceed \$19,025)	(Could exceed \$38,049)	(Could exceed \$38,049)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Could exceed \$114,025)</b>	<b>(Could exceed \$138,049)</b>	<b>(Could exceed \$138,049)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Federal Funds	(Could exceed \$32,199)	(Could exceed \$64,398)	(Could exceed \$64,398)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(Could exceed \$32,199)</b>	<b>(Could exceed \$64,398)</b>	<b>(Could exceed \$64,398)</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Local Government</b>	<b>(Could exceed \$4,020)</b>	<b>(Could exceed \$8,041)</b>	<b>(Could exceed \$8,041)</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume insurers would be required to submit amendments to their policies to comply with this proposal. Policy amendments must be submitted to the department for review along a \$50 filing fee. The number of insurance companies writing these policies in Missouri fluctuates each year. One-time additional revenues to the Insurance Dedicated Fund are estimated to up to \$5,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews the DIFP will need to request additional staff to handle the increase in workload.

Officials from the **Department of Social Services - MO HealthNet Division** assume this proposal does not revise Chapter 208, RSMo therefore, it does not affect MO HealthNet eligibility or benefits.

This proposal does revise Chapter 376, RSMo which would affect the MO HealthNet Managed Care health plans. However, Section 376.1198 states that this applies to a group policy of health insurance providing coverage for more than twenty-five employees. MO HealthNet Managed Care health plans do not issue group policies to participants. They provide coverage for individuals eligible for public assistance under Chapter 208, RSMo. Therefore, there will be no impact.

Officials from the **Department of Conservation** assume there will be no fiscal impact to their agency.

Officials from the **Missouri Highway Patrol** will defer their response to the Department of Transportation.

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** assume currently they do not cover the infertility treatments listed within the proposal.

According to a Missouri Department of Transportation (MoDOT) study conducted with Towers

ASSUMPTION (continued)

Watson (formerly Watson Wyatt Actuarial Consultants), 9% of reproductive aged women are assumed infertile. They also assumed a 32% prevalence rate of those who seek treatment. There are currently 20,163 women of child-bearing age covered under the MCHCP medical plans (MCHCP defines child-bearing age to be 20 - 49). Additionally, there are currently 375 women of child-bearing age covered under MCHCP Public Entity medical plans. Based on the assumed 9% incidence rate and 32% prevalence rate, MCHCP estimates 581 state and 11 public entity members would seek some form of infertility treatment.

Based on this study, MCHCP's experience in covering infertility prescriptions and in-vivo fertilization costs in previous years and assuming 90% cost sharing between the plan and members, the fiscal impact for the services are unknown, greater than \$1,000,000 annually for state and \$22,000 for public entities.

This study also assumed 85% of the treated individuals would be treated with drugs or surgery and 15% would be treated with other options (in-vitro, etc.). In-vitro fertilization costs are estimated at \$15,000 per episode.

Based on the above assumptions, MCHCP estimates that 87 state and 2 public entity members would be treated with in-vitro fertilization. Assuming this is true and assuming 90% cost sharing, MCHCP would realize a fiscal impact of \$1,176,000 for state and \$22,000 for public entity membership for in-vitro services.

The claim cost of covering a child varies from year to year depending on the child's age. Based on 2011 claims experience YTD, on average the claim cost per year for an infant (less than 1 year old) is \$11,647 and the average net payment (medical and prescription drugs) for 0 - 18 year old during this time period was \$1,624 per child per year. In the 21 month period between January through September 2011, 59 state members and two Public Entity member who sought infertility treatment gave birth. This is a 12% "success rate". MCHCP assumes the success rate under this proposal is expected to be higher because it requires coverage for a broader range of infertility services than MCHCP provided in previous years. MCHCP also assumes it will cover all deliveries and children at least until the age of 18. The fiscal impact is unknown, greater than \$1,724,688 to cover state children and \$58,464 to cover public entity children.

Total fiscal impact is unknown; however, the claim cost paid by MCHCP is estimated to be greater than \$3,900,688 and \$102,464 public entity annually.

**Oversight** assumes the above costs are inflated. They include the estimated cost of coverage for

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ASSUMPTION (continued)

delivery as well as the coverage for the child at least until the age of 18. **Oversight** also assumes the cost of in-vitro fertilization is also overstated at the high end for treatment per episode. The proposal requires health insurance coverage for the diagnosis and treatment of infertility, it is not for the coverage of the child, this should already be covered with the insurance plan. Also, the coverage for delivery should also be covered with the current insurance plan and therefore, this cost should not be included. Also, in their response to Oversight, MCHCP stated that prior to January 1, 2011, they provided 50% coverage for infertility prescription medications and in-vitro fertilization and its associated costs. They also stated this service was discontinued this benefit December 31, 2010 due to budget constraints. During FY 10, MCHCP stated they spent \$263,496 on in-vivo related infertility medical claims and infertility prescription medications and Public Entities spent \$8,041. **Oversight** will use costs that could exceed \$263,496 and \$8,041 for Public Entities.

Officials from the **Department of Transportation** did not respond to our request for a fiscal impact however, **Oversight** will assume costs of Unknown greater than \$100,000.

**Oversight** assumes the proposal would be effective January 1, 2013.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>GENERAL REVENUE</b>			
<u>Costs</u> - Missouri Consolidated Health Care Plan			
Increase in state share of health insurance premiums	(Could exceed \$80,524)	(Could exceed \$161,049)	(Could exceed \$161,049)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>(Could exceed \$80,524)</b>	<b>(Could exceed \$161,049)</b>	<b>(Could exceed \$161,049)</b>
<b>OTHER STATE FUNDS</b>			
<u>Cost</u> - Missouri Consolidated Health Care Plan			
Increase in state share of health insurance premiums	(Could exceed \$19,025)	(Could exceed \$38,049)	(Could exceed \$38,049)
<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>	<b>(Could exceed \$19,025)</b>	<b>(Could exceed \$38,049)</b>	<b>(Could exceed \$38,049)</b>
<b>INSURANCE DEDICATED FUND</b>			
<u>Revenue</u> - Filing Fees	\$5,000	\$0	\$0
<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<b>\$5,000</b>	<b>\$0</b>	<b>\$0</b>
<b>ROAD FUND</b>			
<u>Cost</u> - Increase in DOT share of health insurance premiums	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
<b>ESTIMATED NET EFFECT ON ROAD FUND</b>	<b>(Unknown greater than \$100,000)</b>	<b>(Unknown greater than \$100,000)</b>	<b>(Unknown greater than \$100,000)</b>

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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**FEDERAL FUNDS**

Cost - Missouri Consolidated Health Care Plan

Increase in state share of health insurance premiums	<u>(Could exceed \$32,199)</u>	<u>(Could exceed \$64,398)</u>	<u>(Could exceed \$64,398)</u>
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<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>(Could exceed \$32,199)</u></b>	<b><u>(Could exceed \$64,398)</u></b>	<b><u>(Could exceed \$64,398)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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**ALL LOCAL GOVERNMENTS**

Costs - All Local Governments

Increase in share of health insurance premiums	<u>(Could exceed \$4,020)</u>	<u>Could exceed \$8,041)</u>	<u>Could exceed \$8,041)</u>
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<b>ESTIMATED NET EFFECT ON ALL LOCAL GOVERNMENTS</b>	<b><u>(Could exceed \$4,020)</u></b>	<b><u>Could exceed \$8,041)</u></b>	<b><u>Could exceed \$8,041)</u></b>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation requires health insurance coverage for the diagnosis and treatment of infertility.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

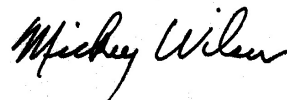
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SOURCES OF INFORMATION

Department of Insurance, Financial Institutions &  
Professional Registration  
Department of Social Services  
Department of Conservation  
Missouri Highway Patrol  
Missouri Consolidated Health Care Plan

NOT RESPONDING

**Department of Transportation**

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
March 5, 2012